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C I B C R

SERVICE SECTOR INDICATORS

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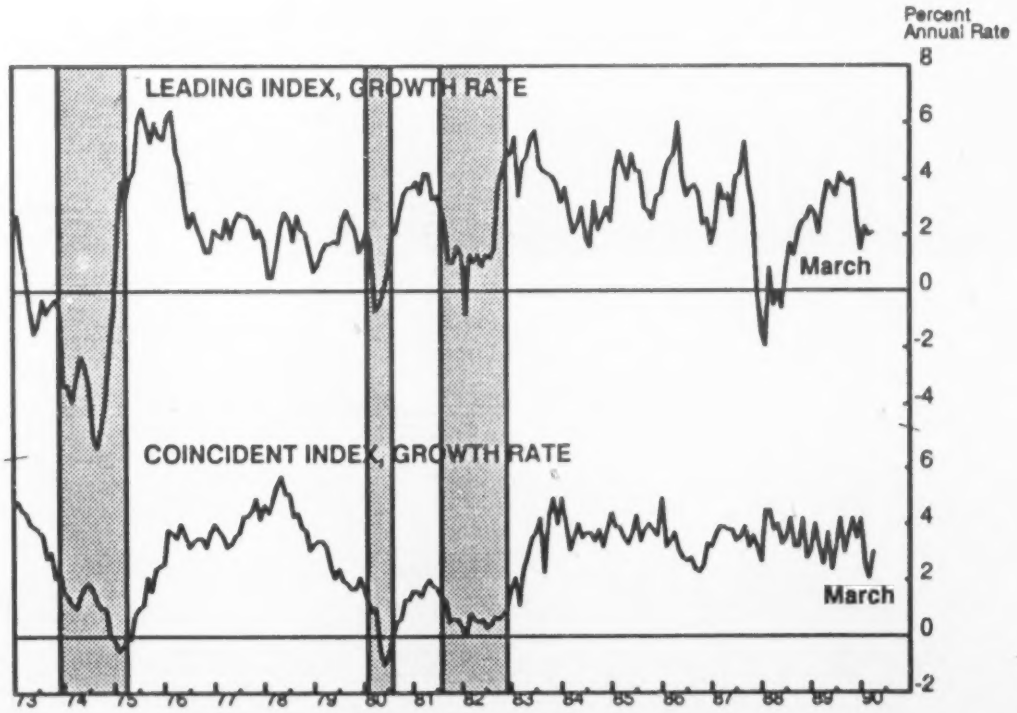
SERVICES LEADING INDEX RISES SLIGHTLY

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research, rose just half a point in March, while its annualized growth rate inched up from a revised 2.0% in February to 2.1% in March. The rise was caused by advances in construction contracts for commercial buildings and in the average workweek and stock prices in services, offset by a drop in the index of profit margins in the service sector.

The coincident index of service sector activity was also up, raising its annualized growth rate from a revised 2.1% in February to 3.0% in March. The rise was caused by advances in all available components – employee hours, labor income, and personal consumption expenditures in services.

Thus, growth in the service sector seems slated to continue, if at a more subdued pace than in recent years.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1988:						
Aug.	150.3	1.3r	32.76	859r	87.9	114.2
Sept.	150.8	2.1	32.88	789r	91.0	113.4
Oct.	151.2r	2.5r	32.96	755r	94.3	112.5
Nov.	151.3r	2.6r	32.77	802r	91.7	114.3
Dec.	151.9	3.0	32.91	801	92.9	113.8
1989:						
Jan.	152.1	2.8	32.95	880r	95.2	111.6
Feb.	152.0r	2.1r	32.75	742r	98.7	113.0
Mar.	153.0	3.1	32.81	782r	98.5	114.6
Apr.	154.0	3.9	33.07	766r	102.5	113.1
May	154.3r	3.7r	32.75	810r	108.0	114.8
June	154.5r	3.4r	32.76	838r	111.6	113.6
July	155.6r	4.2r	33.03	780r	116.5	112.7
Aug.	155.8r	3.9r	32.72	779r	121.9	114.8
Sept.	156.2	3.8r	32.81	819	122.1	113.6
Oct.	156.8r	4.0r	32.95	809r	122.6	113.0
Nov.	156.1r	2.6r	32.74	717r	120.1	114.1
Dec.	155.6r	1.5r	32.73	636r	120.6	112.6
1990:						
Jan.	156.6	2.3r	32.69	785r	116.5	114.8
Feb.	156.7r	2.0r	32.80r	651r	112.1	115.7r
Mar.	157.2	2.1	32.84	672	114.6	115.1

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1988:						
Aug.	183.7	3.2	1880.8	1291.4	667.4	108.9
Sept.	184.2	3.2	1886.1	1285.6	673.6	109.2
Oct.	185.7	4.2	1891.4	1297.5	680.3	110.3
Nov.	184.9	2.8	1896.7	1292.6	672.6	110.0
Dec.	185.8	3.1	1899.5	1295.5	678.5	110.8
1989:						
Jan.	187.2	4.0	1902.3	1297.1	693.2	111.5
Feb.	187.0	3.2	1905.1	1311.7	683.7	111.2
Mar.	186.8	2.6	1910.0	1311.2	679.9	111.2
Apr.	188.4	3.7	1915.0	1315.7	690.5	112.5
May	187.6	2.4	1919.9	1318.4	682.5	111.5
June	188.9	3.2	1928.3	1322.9	692.4	112.2
July	190.4	4.2	1936.6	1327.3r	702.4	113.2
Aug.	189.7	3.0	1945.0	1333.8r	692.2	112.2
Sept.	190.8	3.6	1954.5	1337.7	699.8	112.8
Oct.	192.0	4.2	1964.0	1344.8	705.1	113.6
Nov.	191.8	3.5	1973.5	1350.7	698.2	113.4
Dec.	193.1r	4.2r	1974.9	1361.2	707.9	113.9
1990:						
Jan.	192.1r	2.6r	1976.3	1351.5r	694.7r	114.6
Feb.	192.0r	2.1r	1977.7	1361.4r	690.5r	114.1r
Mar.	193.4	3.0r	---	1369.4	697.2	114.9

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.
Cols. 1, 2 and 4 are revised because of a revision in Construction Contracts.
r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.
4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.
5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.
6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.
9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.
11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.
12. Bureau of Labor Statistics, all employees.

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